

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-12 ISO-00 L-03 JUSE-00 COME-00

TRSE-00 OMB-01 STR-07 SS-15 SP-02 NSC-05 CIAE-00

INR-10 NSAE-00 CTME-00 H-02 INT-05 OES-07 /090 W

-----110954 080955Z /23

R 080654Z JUN 78

FM AMEMBASSY CANBERRA

TO SCSTATE WASHDC 3476

INFO AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMEMBASSY PARIS

AMCONSUL PERTH

AMCONSUL SYDNEY

AMEMBASSY TOKYO

AMEMBASSY VIENNA

DOE GERMANTOWN

DOE WASHINGTON

AMEMBASSY LONDON

UNCLAS SECTION 1 OF 2 CANBERRA 4449

IAEA

USOECD

E.O. 11652: N/A

TAGS: EMIN, ENRG, ETRD, AS

SUBJ: AUSTRALIAN URANIUM EXPORT CONTROL

REF: A) CANBERRA 3941 (NOTAL); B) STATE 137607 (NOTAL);

C) 77 CANBERRA A107

1. BEGIN SUMMARY: GOA CABINET CONSIDERED CREATION OF URANIUM MINING AUTHORITY (UMA) ON MAY 16 BUT FAILED TO RECOMMEND THE ESTABLISHMENT OF THE UMA. IN PARLIAMENT ON JUNE 1, DEPARTMENT OF TRADE AND RESOURCES (DTR) MINISTER DOUG ANTHONY, STATED THAT LEGISLATION UNCLASSIFIED

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TO ESTABLISH THE UMA HAD BEEN DEFERRED AND FOR THE IMMEDIATE FUTURE, THE DTR MINISTER WILL HAVE COMPLETE AUTHORITY OVER THE MARKETING OF URANIUM. THE MINISTER WOULD DETERMINE THE LENGTH OF NEW EXPORT CONTRACTS, QUANTITY OF URANIUM TO BE SOLD, METHOD OF SHIPMENT, PRICE AND MANNER OF PAYMENT, AND THE USE TO WHICH THE URANIUM WOULD BE PUT BY THE BUYER. ANTHONY SAID AN AUSTRALIAN URANIUM EXPORT AUTHORITY (AUEA) WOULD BE SET UP BUT GAVE NO INDICATION WHEN THE

AUEA WOULD REPLACE THE UMA. ANTHONY ALSO TOOK THE OCCASION IN PARLIAMENT TO TAKE A POT SHOT AT COUNTRIES (UNNAMED) WHO APPLY THEIR ANTI-TRUST LAWS EXTRA-TERRITORIALY. END SUMMARY.

2. CABINET CONSIDERATION OF THE UMA IS BELIEVED TO HAVE BEEN CONCERNED WITH SEEKING A WAY AROUND U.S. ANTI-TRUST LEGISLATION (REF A). PUBLIC ANNOUNCEMENT WAS NOT MADE ON THE RESULTS OF THE CABINET DELIBERATIONS. FOLLOWING THE FAILURE OF THE CABINET TO ACT, ANTHONY MADE THE STATEMENT IN PARLIAMENT THAT LEGISLATION TO ESTABLISH THE UMA HAD BEEN DEFERRED AND UNTIL FURTHER NOTICE, THE DTR MINISTER WOULD HAVE WIDE DISCRETION IN CONTROLLING THE EXPORT OF URANIUM.

3. ANTHONY STATED THAT IT WILL BE NECESSARY FOR REQUIREMENTS ON THE TERMS AND CONDITIONS OF MINING TO BE INDICAED TO THE URANIUM PRODUCER BEFORE A SALES CONTRACT IS SIGNED. "URANIUM PRODUCERS WILL ACCORDINGLY NEED TO SEEK THE APPROVAL OF THE MINISTER BEFORE MAKING ANY FIRM OFFERS OR ENTERING INTO ANY LEGAL COMMITMENTS." IT IS UNDERSTOOD THAT THE OOA WILL SET MINIMUM PRICES FOR URANIUM BUT ALLOW THE COMPANIES TO NEGOTIATE BEYOND THAT LEVEL.

4. THE UMA, WHEN ESTABLISHED, WILL BE KNOWN AS THE AUEA AND WILL ACT IN AN ADVISORY CAPACITY ONLY, WITH THE FOLLOWING RESPONSIBILITIES: 1) ASSEMBLE AND CORRELATE INFORMATION RELATING TO THE KNOWN RESERVES OF URANIUM IN AUSTRALIA AND OTHER COUNTRIES; 2) OBTAIN AND ANALYZE INFORMATION ON THE SUPPLY OF AND DEMAND FOR URANIUM IN UNCLASSIFIED

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AUSTRALIA AND OTHER COUNTRIES; 3) ANALYZE TRENDS IN INTERNATIONAL URANIUM MARKET; AND 4) OBTAIN INFORMATION ON THE COMMERICAL ARRANGEMENTS FOR THE UPGRADING AND ENRICHMENT OF AUSTRALIAN URANIUM WITHIN AND OUTSIDE AUSTRALIA.

5. ANTHONY SAID IT WOULD NOT BE PROPER FOR MEMBERS OF THE AUEA TO BE CHOSEN FROM COMPANIES INVOLVED IN MINING AND MARKETING URANIUM. THEREFORE, OFFICIALS OF DTR WILL PERFORM THE FUNCTIONS OF THE AUEA UNTIL IT IS ESTABLISHED.

6. ANTHONY POINTED OUT THAT APART FROM MARY KATHLEEN, FORMAL DEVELOPMENT APPROVAL HAD BEEN GRANTED ONLY TO THE RANGER PROJECT. (NOTE: RANGER HAS NOT SUCCESSFULLY CONCLUDED NEGOTIATIONS WITH NORTHERN LANDS COUNCIL CONCERNING ROYALTIES TO ACCRUE TO THE ABORIGINES LIVING IN THE MINING AREA). FURTHER, HE SAID, "SHOULD MINES OTHER THAN MARY KATHLEEN AND RANGER SUBSEQUENTLY RECEIVE GOA DEVELOPMENT APPROVAL, AND AS THE FLOW OF EXPORTS INCREASES IT MAY BE DESIREABLE TO PROVIDE FOR SPECIFIC LEGISLATION TO GOVERN EXPORTS WHICH WOULD REPLACE THE EXISTING CUSTOMS REGULATIONS," HE ADDED THAT, "THE GOVERNMENT SAW NO NEED IN THE PRESENT SITTING OF PARLIAMENT TO INTRODUCE LEGISLATION FOR THAT PURPOSE NOR WOULD THEY WISH TO DO SO PRIOR TO CONSULTATION WITH THE STATES ON THE

SCOPE AND CONTENT OF ANY FUTURE LEGISLATION."

7. URANIUM EXPORTS WILL BE PROHIBITED UNLESS A CERTIFICATE IS WRITING IS ISSUED BY THE DTR MINISTER OR AN OFFICER AUTHORIZED BY HIM. A CERTIFICATE WILL NOT BE ISSUED UNLESS ALL ASPECTS OF GOA POLICY ARE SATISFIED: 1) THAT THE URANIUM IS BEING EXPORTED FROM A PROJECT WHICH HAS THE STATUS OF GOA DEVELOPMENT APPROVAL; 2) THAT THE EXPORT IS FOR THE PURPOSE OF PERFORMING AN APPROVED CONTRACT; AND 3) THAT AUSTRALIAN SAFEGUARDS POLICY IS FULLY COMPLIED WITH.

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INFO AMCONSUL BRISBANE

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8. WHEN A CONTRACT HAS BEEN ENTERED INTO, THE PRODUCERS WILL BE REQUIRED TO FILE A COPY OF THE CONTRACT WITH THE DTR MINISTER WHERE IT WILL BE FORMALLY APPROVED AND FORM THE BASIS FOR SUBSEQUENT EXPORT APPROVALS COVERING THE URANIUM TO BE EXPOERTED IN FULFILLMENT OF THE CONTRACT. SHIPMENTS OF URANIUM WILL CONTINUE TO BE CONTROLLED ON THE BASIS OF INDIVIDUAL CONSIGNMENT.

9. CONCERNING THE IMPLICATIONS OF FOREIGN (MEANING U.S.) ANTI-TRUST LEGISLATION, ANTHONY SAID THAT ACTION TAKEN IN ACCORDANCE WITH THE PROCEDURES HE HAS OUTLINED SHOULD NOT GIVE RISE TO ANY QUESTIONS UNDER THE ANTI-TRUST LAWS OR OTHER COUNTRIES. "IN THAT UNCLASSIFIED

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CONNECTION I WOULD ADD THAT WHILE THE GOA DOES NOT WISH TO BE TAKEN AS ACCEPTING THAT IT IS APPROPRIATE FOR OTHER COUNTRIES TO APPLY THEIR ANTI-TRUST LAWS EXTRA-TERRITORIALLY WITHOUT DUE REGARD TO MATTERS AFFECTING OUR NATIONAL INTEREST, WE URGE OUR PRODUCERS NOT TO RESORT TO ARRANGEMENTS WHICH WOULD JEOPARDIZE THEM UNDER THOSE LAWS."
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